

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Year 2009
Intended Use Plan

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**IDAHO
DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2009
INTENDED USE PLAN**

I. Introduction

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 (P.L.104-182) were signed into law. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements and to protect public health.

Section 1452(b) requires each State to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF and describe how those uses support the goal of protecting public health.

The State of Idaho, Department of Environmental Quality (DEQ) proposes to adopt the following IUP for the State fiscal year (SFY) 2009 (July 1, 2008 through June 30, 2009). The source of federal funding identified in this IUP is the Federal fiscal year (FFY) 2008 Capitalization Grant. The DWSRF is administered by the DEQ Water Quality Division Loan Program, which also administers the Clean Water SRF.

This IUP includes the following:

- A list of prospective loan projects, ranked in priority order, including size of systems, estimated project cost and a project description;
- The criteria and methods for distribution of funds;
- Short-term and long-term goals of the DWSRF;
- DWSRF set-aside activities; and
- Assurances and specific proposals.

Available funding for projects is estimated to be \$12,968,378 as documented in the worksheet on the following page.

Resources:	
Cash (As of March 1, 2008)	\$10,908,607
EPA Capitalization Grant FFY2004	5,399,400
State Match	1,505,043
EPA Capitalization Grant FFY2005	5,716,995
State Match	1,657,100
EPA Capitalization Grant FFY2006	5,678,217
State Match	1,645,860
EPA Capitalization Grant FFY2007	5,678,010
State Match	1,645,860
EPA Capitalization Grant FFY2008	5,620,740
State Match	1,629,200
EPA Capitalization Grant FFY2009	5,600,000
State Match	1,625,000
Loans Receivable:	
SFY 2008 (3/1/08-6/30/08)	867,528
SFY 2009	2,023,168
SFY 2010	2,023,168
Interest on Cash/Investments	
SFY 2008 (3/1/08-6/30/08)	172,459
SFY 2009	585,432
SFY 2010	716,010

Total Resources:	\$60,697,797
Current Remaining Loan Obligations:	(\$49,404,652)
(Loans in construction less disbursements)	
Addback: 3.4% Project shrinkage	1,675,233
(Some projects will self-finance and reduce disbursement requests from the DWSRF)	-----
Net Remaining Loan Obligations:	(\$47,729,419)

NET RESOURCES AVAILABLE TO LOAN	\$12,968,378

Key Assumptions:

Projects take an average of Twenty-Eight (28) months to construct and close from date of loan signing. New loan obligations cannot exceed **NET RESOURCES AVAILABLE TO LOAN**. Next projection will be July 1, 2008.

II. List of Projects

Attachment II is the proposed SFY 2009 Drinking Water Loan Fundable List and Project Priority List (Project Priority List) which will be presented to the Board of Environmental Quality on April 24, 2008. Projects are arranged on the Project Priority List in priority order. The method for determining the priority rating for projects and the public involvement process are described in the latter parts of this document. Projects on the Project Priority List that are not on Fundable List and are not funded by another agency can be re-rated and carried over to the next SFY Project Priority List.

III. Program Goals

DEQ's long-term Loan Program goals are to:

1. Protect public health of citizens served by drinking water systems by offering financial assistance to construct the most cost effective drinking water facilities. Financial assistance includes below market rate loans and may include principal forgiveness (for disadvantaged communities).
2. Assist public water systems as they strive to achieve and maintain statewide compliance with federal and state drinking water standards. DEQ will provide information and technical assistance in the form of brochures and the quarterly Drinking Water Bulletin, which contains articles on such topics as the DWSRF, operator training and certification, and GWUDI monitoring and treatment technology.
3. Implement a capacity development strategy. The goal of the capacity development program is to ensure that our current capacity to deliver safe, reliable water is not only maintained but is expanded to meet future needs. This goal is facilitated by supporting public water systems in the maintenance and expansion of their technical, financial and managerial capacity.
4. Implement a source water assessment and protection strategy. A source water assessment provides information on the potential threats to public drinking water sources (in Idaho most of those sources are groundwater).
5. Manage the Idaho DWSRF to ensure its financial integrity, viability and revolving nature in perpetuity.

DEQ's short-term Loan Program goals are to:

1. Perform the tasks necessary to assure that all appropriate loan assistance requested is provided in a timely manner.
2. Update the Operating Agreement with the EPA to reflect changes in the Department's State Environmental Review Process document.

3. Make necessary changes to the FFY 2008 EPA capitalization grant application, which may include:
 - Application Form 424
 - Operating Agreement
 - Procedures
 - Annual Report
 - Organizational Flow Charts & Descriptions
 - Intended Use Plan
4. Manage the process to make available, as a guidance document, the Idaho Drinking Water SRF Handbook (placing the Handbook on the Department's website).

IV. Information on the Activities to be Supported

A. Allocation of Funds

The primary type of assistance to be provided by the DWSRF is expected to be in the form of low interest loans for up to 100% of project costs. The rate of interest in SFY 2009 will be 3.25% with the exception that, portions of those projects being built to comply with requirements for additional treatment imposed by the SDWA and projects that consolidate two or more drinking water systems will be 2.00%. Some projects may have a blended interest rate between 3.25% and 2.00%. Principal and interest repayments must begin no later than one (1) year after the date the constructed facility initiates operations. All loans, with the exception of disadvantaged loans, will be paid back over a period not to exceed twenty (20) years. Disadvantaged loans may have: repayment schedules of up to thirty (30) years; lower interest rates; and, principal forgiveness (see Attachment IV for an explanation of the Disadvantaged Loans program).

B. Loan Eligible Activities

DWSRF loans will provide for construction of water supply, treatment, storage and distribution facilities. DWSRF loan assistance will be provided to local communities, counties, water districts, and non-profit associations.

DEQ may award any combination of planning, design and construction loans from the DWSRF.

C. Use of Set-asides

DEQ plans to reserve four percent (4%) or \$325,840 of the capitalization grant for administrative expenses of the DWSRF. Such activities include, but are not limited to: preparation of project lists; project application, review and monitoring; review of environmental documents; disbursement of loan funds; receipting of loan repayments and administering activities funded from the DWSRF set-asides.

DEQ plans to reserve two percent (2%) or \$162,920 to provide technical assistance to small public water systems. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or \$814,600 to supplement the Drinking Water program. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or \$814,600 of the capitalization grant for wellhead (drinking water) protection. These funds will be utilized for conducting hydrologic, geo-technical, and contaminant susceptibility studies in support of the design and development of drinking water protection plans. In areas where surface or subsurface drinking water has been identified as contaminated, or has been determined to have a high potential for future contamination, DEQ will conduct or oversee the implementation of projects designed to mitigate or reduce the potential for contamination of identified waters. In addition, DEQ will use a portion of this set-aside to provide technical assistance to public water supply systems and local government entities on all aspects of drinking water protection plan development and implementation. None of these funds will be spent until EPA approves a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve five percent (5%) or \$407,300 of the capitalization grant for development and implementation of the capacity development strategy. These monies will fund the several capacity development tasks as detailed in the approved workplan. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

If the amount of funds reserved is not used in the first year, the excess will be banked and used for the same purposes in future years.

V. Assurances and Specific Proposals

A. Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving assistance from the DWSRF. DEQ will follow “EPA approved, NEPA-like procedures” in conjunction with environmental reviews.

These procedures are outlined in Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration Department of Environmental Quality of Drinking Water Loan Account.

A more detailed procedural description can also be found in the Drinking Water Loan Account Handbook of Procedures (Chapter 5). Copies of both the Rules and Procedures were included in the application for FFY 97 funds.

B. Binding Commitments

DEQ will enter into binding commitments in an amount equal to each quarterly grant payment and proportional state match within one year of receipt of that payment. Payment dates are listed in Attachment III of this document.

C. Expeditious and Timely Expenditures

DEQ will strive to expend all funds in the DWSRF in a timely and expeditious manner.

D. State Matching Funds

DEQ agrees to deposit state monies into the DWSRF in an amount equal to twenty percent (20%) of the federal Capitalization Grant on or before the date by which the State of Idaho receives the cash draw from EPA. These funds will be transferred from the State of Idaho Water Pollution Control Account.

E. State Laws and Procedures

DEQ agrees to expend each quarterly grant payment in accordance with applicable state laws and procedures.

F. National Reporting Needs

DEQ agrees to provide data or information to EPA as may be required for national reports, and public or congressional inquiries. Capitalization grant funded recipients will be monitored for Single Audit Act compliance.

VI. Criteria and Method for Distribution of Funds

Idaho drinking water systems will be queried regularly to obtain information regarding projects for which loan monies could be used. Additional information about potential projects will be obtained from DEQ Regional Office engineers, privately retained consulting engineers and other state and federal agencies. DWSRF monies will be distributed according to the methods, criteria and eligible activities as identified and described in the Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account.

The criteria and methods for distribution of funds are designed to allow maximum flexibility in providing assistance, thereby enhancing the long-term viability and revolving loan aspect of the DWSRF Program.

DEQ will use the priority rating system outlined here for managing the DWSRF program. Only projects on the Project Priority List are eligible for funding. DEQ will use a List of Fundable Projects

and a companion Comprehensive Project Priority List (see Attachment II). DEQ will select projects for the List of Fundable Projects starting with the highest rated project on the Comprehensive Project Priority List that is ready to proceed and continue down that list as far as possible in order to use all of the available funds.

DEQ reserves the right to fund lower priority projects over higher priority projects that are not ready or willing to proceed. In such instances DEQ will comply with established by-pass procedures. DEQ may add projects to the List of Fundable Projects due to emergencies such as an unanticipated system failure or a project that is needed to prevent an imminent health threat.

No funding commitment will be made to a project until an engineering report, environmental review and a financial, managerial, and technical assessment have been completed.

The rating criteria used for the SFY 2009 Project Priority List are as follows:

	<u>Points</u>
<u>PUBLIC HEALTH EMERGENCY</u>	
Water borne outbreak, or contaminated source level exceeds unreasonable risk to health, or failed water source	100
<u>PUBLIC HEALTH HAZARD</u>	
Evidence of waterborne illnesses	19
Reports of waterborne illnesses	10
High potential for waterborne illnesses	5
<u>WATER QUALITY VIOLATION</u>	
Microbiological	
More than 6 primary maximum contaminant level (MCL) violations in preceding 12 months	15
4-6 MCL violations in past 12 months	12
2-3 MCL violations in past 12 months	9
1 MCL violation in past 12 months	6
Positive coliform sample in last 12 months	3
Chemical	
MCL exceeded chronic chemical, radiological or lead	15
Action level exceeded for copper	11
Violation of secondary drinking water standards	8
Does not meet all applicable MCL goals	7
Surface water treatment technique violations	15
<u>GENERAL CONDITIONS OF EXISTING FACILITIES</u>	
Necessary water treatment facilities either do not exist, are not functioning or do not meet Idaho drinking water rules	14

Ground water sources are not developed or protected according to the rules	10
Source capacity is not adequate to meet demand and the system occasionally goes dry or has low pressure	10
Storage, pumping and distribution facilities have inadequate capacity to meet demand	10
Facilities have inadequate capacity and cannot meet current demand	10
Existing storage tanks leak excessively or are structurally flawed.....	5
Pipe leak repair greater than 4 leaks per 100 connections per year	2

OVERALL URGENCY (Only 1 selected)

System out of water, no water to flush toilets.....	10
Water delivered cannot be rendered safe by boiling or system delivers water which cannot be rendered safe by running to waste.....	10
Water delivered can be rendered safe by boiling or by running to waste.....	5
System occasionally out of water.....	5

UNDER CONSENT OR ADMINISTRATIVE ORDER 30

INCENTIVES

Source water assessment.....	2
Protective zone	2
Master or facility plan complete	2
Replacement fund established.....	2
Consolidation plan in place.....	2
Active back flow program in place	2
Conservation oriented rate structure (e.g. meters)	2
Current on all monitoring requirements.....	2

AFFORDABILITY

Project user charge exceeds affordable criteria	10
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VII. Additional Information Requirements

A. Public Review and Comment

The IUP contents including the Project Priority List were subjected to a thorough public participation process. Regional office staff made personal contact with drinking water systems in their respective areas that had indicated interest. Draft Project Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including Rural Development, Rural Community Assistance Corporation, and Idaho Department of Commerce and Labor (Community Development Block Grants) meet periodically

to discuss potential projects.

In addition to the above, the draft Intended Use Plan including the List of Fundable Projects and the Project Priority List was posted on the DEQ website and notices inviting comment were published in the major newspapers of the state during the comment period.

A summary of the public participation process is included as Attachment V.

Projects from the SFY 2009 Project Priority List for which DEQ intends to provide loan funding, are identified on the List of Fundable Projects on Attachment II.

The Board of Environmental Quality will be presented the SFY 2009 Project Priority List and the List of Fundable Projects for adoption on April 24, 2008.

B. Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed, as identified and described in the Idaho Administrative Code IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account. DEQ intends to utilize Project Priority List ranking as much as possible when preparing the Intended Use Plan. However the lack of adequate funding, changes in project scope, failure to pass a bond election, or other unforeseen circumstances may require that a project on the Intended Use Plan be bypassed. If a project is bypassed, DEQ will offer loan funds to the highest ranked, ready-to-proceed project from the most current approved Project Priority List.

IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FUNDING BREAKDOWN
FFY 2008 Allotment = \$8,146,000

	Available		Available
	Funds	Set-asides	for the
<u>Federal Capitalization Funds</u>			DWSRF
4% Program Administration 1452(g)	\$325,840	(\$325,840)	\$0
2% Technical Assistance 1452(g)	162,920	(162,920)	0
10% PWSS Funding 1452(g)	814,600	(814,600)	0
10% Wellhead Protection 1452(k)	814,600	(814,600)	0
5% Capacity Development 1452(k)	407,300	(407,300)	0
Available for Loan Projects	5,620,740		5,620,740
Total Capitalization Grant	8,146,000	(2,525,260)	5,620,740
 State Match	 1,629,200	 -	 1,629,200
 Additional Available Funds	 5,718,438	 -	 5,718,438
 Total Available for DWSRF Loans	 \$15,493,638	 (\$2,525,260)	 \$12,968,378

State of Idaho Drinking Water State Revolving Loan Fund

State Fiscal Year 2009

Fundable Projects and Priority List

LIST OF FUNDABLE DRINKING WATER LOAN PROJECTS

Project	Rank	System Type	Loan Amount	Project Description	Estimated Commitment Date	Location of Project and DEQ Regional Office
Meander Point Subdivision	1	PNP	\$500,000	Nitrate, arsenic and radiological treatment, storage and distribution modifications and metering	January 2009	Twin Falls County and Twin Falls Regional Office
Kanaka Rapids Ranch	2	PNP	\$700,000	Additional source, arsenic treatment, and make storage and distribution modifications	January 2009	Twin Falls County and Twin Falls Regional Office
City of Iona	3	P	\$2,500,000	Water supply, distribution and storage improvements	December 2008	Bonneville County and Idaho Falls Regional Office
Clearwater Water District	4	P	\$750,000	Repair/replace water filter to meet turbidity standards	January 2009	Idaho County and Lewiston Regional Office
Riverbend Estates Water System	5	PNP	\$55,000	Provide arsenic treatment for the system's two sources	November 2008	Power County and Pocatello Regional Office
Lava Mobile Estates & Campground	6	PNP	\$115,000	Connect to the City of Lava Hot Springs for a source free of arsenic and to provide adequate pressures and storage	October 2008	Bannock County and Pocatello Regional Office
Kingston Water District #1	7	P	\$3,228,000	Develop a new source well and backup well in Pinehurst, transmission main to transport the water from Pinehurst to Kingston, a new 250,000 gallon storage tank	July 2008	Shoshone County and Couer d'Alene Regional Office
City of Twin Falls	9	P	\$4,120,378	Arsenic treatment, additional storage and distribution modifications	March 2009	Twin Falls County and Twin Falls Regional Office
City of Inkom	* 14	P	\$1,000,000	Copper treatment, upgrades to distribution system,	August 2008	Bannock County and Pocatello Regional Office

 \$12,968,378

*Note: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2008 list. These communities had began the loan process during fiscal year 2008; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2009 Priority List.

P = Public System PNP = Private Non-profit System

This list contains projects that are the highest rated that are ready to proceed. Projects on this fundable list may be bypassed if they do not complete an engineering report that complies with DEQ requirements or do not meet DEQ requirements for financial, managerial or technical capability.

Statewide FY2009 Drinking Water Loan Priority List

Rank	Project	Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
1	Meander Point Subdivision	182	TFRO	\$500,000	Nitrate, arsenic and radiological treatment, storage and distribution modifications and metering
2	Kanaka Rapids Ranch	140	TFRO	\$700,000	Additional source, arsenic treatment, and make storage and distribution modifications
3	City of Iona	137	IFRO	\$2,500,000	Water supply, distribution and storage improvements
4	Clearwater Water District	130	LRO	\$750,000	Repair/replace water filter to meet turbidity standards
5	Riverbend Estates Water System	129	PRO	\$55,000	Provide arsenic treatment for the system's two sources
6	Lava Mobile Estates & Campground	128	PRO	\$115,000	Connect this system to the City of Lava Hot Springs to provide a source free of arsenic and to provide adequate pressures and storage
7	Kingston Water District #1	119	CRO	\$3,228,000	Develop a new source well and backup well in Pinehurst, transmission main to transport the water from Pinehurst to Kingston, a new 250,000 gallon storage tank
8	Yellow Pine Water Users	119	BRO	\$525,000	Improve treatment and storage
9	City of Twin Falls	119	TFRO	\$20,000,000	Arsenic treatment, additional storage and distribution modifications
10	Grand View Water & Sewer Assoc.	116	BRO	\$1,500,000	Improve treatment and storage
11	Meridian Heights Water & Sewer Assoc.	112	BRO	\$425,000	Establish connection to City of Meridian and improve distribution
12	Central Shoshone County Water District	106	CRO	\$10,800,000	Construct a microfiltration treatment plant and disinfection equipment
13	Mission Creek Water Assoc.	102	CRO	\$250,000	Design and construct the chosen alternative from the Master Plan to address high uranium levels
* 14	City of Inkom	93	PRO	\$1,000,000	Copper treatment, upgrades to distribution system,

Statewide FY2009 Drinking Water Loan Priority List

Rank	Project	Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
15	Hampton Homes	91	BRO	\$17,600	Point-of-use
16	El Rancho Heights HOA	89	BRO	TBD	Improve treatment
17	City of Pierce	88	LRO	\$190,000	Improve source
17	North Pinehaven Water Assoc.	87	IFRO	\$500,000	Water supply, distribution and treatment improvements
18	Loma Linda Water Corp	87	BRO	\$32,000	Point-of-use
19	City of Blackfoot	76	PRO	\$4,000,000	Construct storage reservoir and booster pump station to help solve low pressure and fire flow issues
20	City of Troy	76	LRO	\$1,100,000	Complete new well and storage tank
21	American Falls	75	PRO	\$650,000	Construct additional storage, replace leaking distribution system and correct rising arsenic levels
22	Cub River Acres Subdivision	74	PRO	\$428,000	Construct improvements to the two wells, repair the storage facilities, replace distribution piping and reconstruct the treatment facilities
23	City of Kamiah	74	LRO	\$1,700,000	Upgrade distribution and treatment systems
24	City of Fairfield	62	TFRO	\$2,400,000	Improve supply, add booster station and make distribution modifications
25	City of Kimberly	62	TFRO	\$5,700,000	Make storage, booster station and distribution modifications, improve supply, and add meters
26	City of Kuna	59	BRO	\$3,900,000	Improve storage, supply and distribution
27	City of Filer	58	TFRO	\$1,253,000	Storage and supply modifications to comply with Arsenic Rule
28	Jughandle Estates	57	BRO	\$800,000	General system upgrade
29	City of New Meadows	56	BRO	\$610,000	Improve storage, supply and electrical system
30	City of Heyburn	54	TFRO	\$3,000,000	Additional source and make storage and distribution modifications

Statewide FY2009 Drinking Water Loan Priority List

Rank	Project	Rating Points	Reg. Office	DEQ Est Loan Amount	Project Description
31	City of Dietrich	50	TFRO	\$800,000	Improve supply, add booster station and make distribution modifications
32	City of Richfield	48	TFRO	\$4,500,000	Improve supply, add booster station and make distribution modifications
33	City of Wendell	47	TFRO	\$3,000,000	Well and booster improvements, disinfection and separate pressure irrigation system
34	Bee Line Water Association	40	CRO	\$100,000	Design and build a new sand filter and water storage reservoir
35	City of Hagerman	40	TFRO	\$800,000	Improve storage, add booster station and make distribution modifications
36	City of Shoshone	40	TFRO	\$2,000,000	Additional source and make storage, pump station and distribution modifications
37	Star S&WD	39	BRO	\$2,500,000	Improve storage and distribution
38	Hulen Meadows Subdivision	37	TFRO	\$3,800,000	Additional source and make storage and distribution modifications
39	Greenhorn Subdivision	30	TFRO	\$700,000	Improve storage, add booster station and make distribution modifications
40	Carlin Bay Property Owners Assoc.	18	CRO	\$307,500	Upgrade 4" distribution system to 6" lines

*Note: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2008 list. These communities had began the loan process during fiscal year 2008; however, the loan process was not completed during the same fiscal year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2009 Priority List.

Warning: Use of this list as a mailing list or as a telephone number list is prohibited by Idaho Code Section 9-348 and is punishable by a civil penalty of up to \$1,000.

**IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FFY 2008 PROJECT PAYMENT SCHEDULE**

Payment #	Quarter Ending	Project Fund Payments	Set-Aside Payments	Total Payments
1	September 2008	\$0	\$1,893,946	\$1,893,946
2	December 2008	0	210,438	210,438
3	March 2009	500,000	210,438	710,438
4	June 2009	500,000	210,438	710,438
5	September 2009	1,000,000	0	1,000,000
6	December 2009	1,000,000	0	1,000,000
7	March 2010	1,000,000	0	1,000,000
8	June 2010	1,620,740	0	1,620,740
Total		\$5,620,740	\$2,525,260	\$8,146,000

A payment is defined as an increase to the ceiling in the Automated Clearinghouse Payment System. Commitments cannot be made until the ceiling on the letter of credit is adequate to cover that commitment.

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Each payment must be committed within one year of the payment date, in accordance with the Safe Drinking Water Act of 1996.

**IDAHO
DRINKING WATER REVOLVING LOAN FUND
DESCRIPTION OF DISADVANTAGED LOANS**

In conjunction with the standard loans, the Department may award loans to applicants deemed disadvantaged using the following criteria. In order to qualify for a disadvantaged loan, a loan applicant must have an annual cost of drinking water service for residential customers which exceeds 1.5% of the median household income. The annual cost includes all operating, maintenance, replacement and debt service costs, both for the existing system and upgrades being financed with state revolving funds. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the census data for the county in which it is located, or may use a Department approved income survey.

First the loan interest rate will be reduced from the rate established by the Administrator for standard loans to a rate that results in an annual charge equal to one and one half percent (1.5%) of median household income. The interest rate reduction may result in a loan interest rate of as low as zero percent (0%). If at a zero percent (0%) and a twenty (20) year repayment the annual charge exceeds 1.5% of median household income, the length of the loan repayment will be extended in increments of years up to a maximum of thirty (30) years until the annual cost equals one and one half percent (1.5%) of median household income. If at zero percent (0%) interest and a thirty (30) year repayment, the annual charge per residential user still exceeds one half percent (1.5%) of median household income, the principal which causes the user charge to exceed one half percent (1.5%) may be reduced. Before an applicant's principal will be reduced, the applicant must have been either declined assistance or only received partial assistance from all other state and federal agencies offering grants. The principal reduction cannot exceed fifty percent (50%) of the cost of an individual project. The amount of principal reduction for all projects cannot exceed thirty percent (30%) of the capitalization grant or \$2,443,800.

ATTACHMENT V

PUBLIC NOTIFICATION AND INVOLVEMENT STRATEGY FOR FY 2009 WASTEWATER AND DRINKING WATER PRIORITY LISTS

The public was involved in the FY2009 priority list development at several points in the process. Involvement for the drinking water and water pollution control lists were the same: needs were solicited directly from the systems through a letter of interest mailed out by the DEQ early in the priority list process. Information on the completed letter of interest forms was used in part by the State and Regional office staff in preparing draft lists. A copy of the letter of interest form is available on the Department's website. We are finding that combining information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of infrastructure needs.

Notification that all four (4) FY2009 priority lists were available for public review was given in Idaho's six (6) major (regional) newspapers for approximately four weeks. Notices were published three times in each of the newspapers. Copies of proofs of publication are included as attachments here.

Notification of availability of the lists was also placed on DEQ's web site from March 7- April 7, 2008.

Approval packages related to the four (4) lists were sent to the Board of Environmental Quality prior to their meeting on April 24, 2008. DEQ staff will make presentations at the Board meeting on April 24, 2008 and answered questions about the lists. The Board will consider all four (4) lists for approval at its April 24, 2008 meeting.

ATTACHMENT VI

IDAHO DRINKING WATER REVOLVING LOAN FUND DOCUMENTATION OF MATCHING FUNDS FOR SET-ASIDES

State match required for the 1452(g) set-asides	\$814,600
Federal fiscal year 2007 State funds applied towards PWSS program	\$1,443,902
Required match for PWSS grant	<u>(385,033)</u>
Over-match available from Federal fiscal year 2007 funds	\$1,058,869
State fiscal year 1993 funds applied to PWSS program	\$892,674
Total available for State match	\$1,951,543

More match is available than is needed since only \$814,600 is needed for the match. Fifty percent 50% or \$407,300 will come from the Federal fiscal year 2007 over-match and fifty percent (50%) or \$407,300 will come from the State fiscal year 1993 credit. Expenditure of Federal fiscal year 2007 over-match will be documented in the Financial Status Reports (FSRs) submitted for the PWSS program.